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DATE: January 2008
TO: HOME Rental Rehabilitation Program Administrators
FROM: Minnesota Housing HOME Rental Rehabilitation Team
SUBJECT: Program Update

This memo provides important program information. Please review and retain it for your records.
Your organization will be held responsible for knowing its content.

HOME Rental Rehab Training—Presenting the Webinar...

This year's HOME Rental Rehabilitation training will be in mid-February and conducted by Webinar. The Webinar is an online training tool that allows you to watch and listen to a presentation, while giving feedback and asking questions online. You can participate from your office—all that is needed is a long distance phone line and computer. We hope that using the Webinar format will help administrators save valuable time and resources.

The Webinar will walk through the major policy changes we previewed in the November 2007 Administrative Update. As requested by several administrators, we will also go through a review of monitoring and compliance requirements.

Check your inbox for your Webinar invitation and further details!

Additional Training...based on your feedback

After the Webinar, we will be looking for feedback on future training needs. You can give your feedback through the Webinar evaluation or by e-mail or phone. If requested, a follow up training will be held...you will decide the content and whether it should be held in person or by Webinar. Possible content for the training could include (but is not limited to): troubleshooting challenges caused by the policy changes, a roundtable discussion with other administrators, or a general review of administrator and borrower responsibilities.

Program Changes

The following are the proposed program changes. Pending approval by the Minnesota Housing Board of Directors, all program changes will become a part of your contractual obligations to Minnesota Housing for the 2008 allocation and all applications received thereafter. These changes are based on our recent HUD Audit Review, and Minnesota Housing's efforts to alleviate some of the burden caused by the federal requirements.

We will go over all changes in the upcoming Webinar.

New Eligible Soft Costs

- Developer fees up to 5% of HOME assistance (deferred loans only)
- Costs associated with obtaining housing tax credits.
- All temporary relocation costs.
- Property Owner's administrative and/or legal expenses- NOW ELIGIBLE
- Property Owner's telephone and/or mileage expenses- NOW ELIGIBLE
- Refinancing costs- NOW ELIGIBLE

New Eligible Improvements/Expenses:

- Acquisition (must be in conjunction with the rehabilitation of a development).
- Coin operated laundry machines.

Section 3:

HUD's Section 3 requirements now apply to developments whenever federal assistance for a project will exceed \$100,000; and to contractors and subcontractors whenever the contract or subcontract exceeds \$100,000.

Deferred Loan Repayment Term and Financing

- Repayment is NOT triggered at 30 years from the date of the HOME mortgage.
- Borrowers may obtain financing for 100% of HOME-eligible costs associated with HOME-assisted units. Developments containing non-HOME assisted units will need matching funds to cover the costs of non-HOME assisted units.

Allocating HOME Costs. In our recent audit by HUD, we were instructed to make changes to the methods used for cost allocation, to ensure that HOME funds are used only for HOME assisted units. **These new methods may have a significant impact on your allocation of funds to owners.** Please see the attached Cost Allocation Worksheet and Instructions for details. We will walk you through the new Cost Allocation process during the Webinar.

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